

# 2 for 1 Index<sup>®</sup>

www.2-for-1.com - following the 2 for 1 Index since 1996

July 16, 2021

This issue of 2 for 1 marks the end of 25 years of continuous monthly publication. Upon reflection, I'm thinking it's nice to have a hobby that pays for itself. The newsletter has never been a big money maker but the 2 for 1 investment strategy and methodology has been personally rewarding, both monetarily and in the satisfaction of knowing I have achieved the goals set out in that first issue of 2 for 1 long ago in August, 1996. That issue is available under the "Newsletter" tab on the 2 for 1 website where those goals can be reviewed.

Recent split announcements have slowed down a bit but we do have two to consider. FS Bancorp, Inc. (FSBW) delivered its 2 for 1 split on Wednesday last week. FSBW is thinly traded and we already have several banks so it gets a pass. Shoe Carnival Inc. (SCVL), on the other hand, has a lot to offer and will be our pick for July. SCVL's stock price has been on a tear all year but it has pulled back from its high of just a few weeks ago. SCVL actually delivers its 2 for 1 split on Monday, the day it will be added to the Index, so buyers of this stock should expect a bit of volatility for a few days.

Shoe Carnival is retailer of footwear and accessories through its 383 stores in 35 states and Puerto Rico. Insiders own about a third of this company so they definitely have shareholders' interests in focus. The company has no long-term debt, a PE under 15, and has been increasing its dividend consistently for the last seven years. The company's strong balance sheet and conservative management have allowed SCVL to make it through the Covid pandemic relatively unscathed, with prospects for significant increases in business as shoppers return to the malls. As long-time readers know, I am not a fan of apparel and fashion businesses. However, Shoe Carnival is definitely not in the high-end fashion business. This is a retailer focused on middle-class families, selling a product that we all need and will continue to need forever. I welcome the opportunity to add a quality small-cap retail business to the Index.

NorthWestern Corp (NWE) will be deleted from the Index at the time of the rebalance on Monday. NWE has been moderately profitable for the Index but has been a disappointment in the sense that it has not kept up with the market or the overall advances of the 2 for 1 index. Including dividends, NWE has returned 16.3% since July of 2018, or 5.2% annualized. NWE was added to the Index at a time when there were no splits to consider. NWE was chosen as a defensive position based on its conservative management, low volatility, and strong balance sheet and, in hindsight, did achieve the result that was anticipated.

In summary, **SCVL will be added and NWE will be deleted this month.** There will be a rebalance, maintaining the 30 equally balanced positions in the 2 for 1 Index, as of the market close on Monday, 7/19.

Neil Macneale

NWE	NORTHWESTERN CORP	JUL-18	BEN	FRANKLIN RESOURCES	APR-20	2 for 1 Index inception 7/31/1996
PFC	PREMIER FINANCIAL CORP	AUG-18	AWR	AMERICAN STATES WATER	MAY-20	
NHC	NATIONAL HEALTHCARE	SEP-18	EW	EDWARDS LIFESCIENCES	JUN-20	Value at inception = 100
TJX	TJX COMPANIES	OCT-18	MRTN	MARTEN TRANSPORT LTD	AUG-17	
CASS	CASS INFORMATION SYS.	NOV-18	COST	COSTCO WHOLESALE CORP	JUL-20	Value as of 7/15/21 = 1854.50
T	AT&T	JAN-19	TREX	TREX COMPANY INC	AUG-20	
WRB	W. R. BERKLEY	MAR-19	AAPL	APPLE INC.	SEP-20	All time high - 5/07/21 = 1898.56
WHF	WHITEHORSE FINANCIAL	APR-19	NEE	NEXTERA ENERGY INC.	OCT-20	
FFIN	FIRST FINANCIAL BANKSHARES	MAY-19	BEP	BROOKFIELD RENEWABLE	NOV-20	52week low - 9/23/20 = 1339.77
PPL	PPL CORP	JUN-19	WAFD	WASHINGTON FEDERAL, INC	DEC-20	
KELYA	KELLY SERVICES, INC	JUL-19	SHW	SHERMAN-WILLIAMS, INC.	FEB-21	Overall annualized return = 12.4%
FAST	FASTENAL CO	AUG-19	LSI	LIFE STORAGE, INC.	MAR-21	
MBCN	MIDDLEFIELD BANC CORP	OCT-19	HWKN	HAWKINS, INC.	APR-21	Comparable S&P total return = 10.0%
TKR	TIMKEN CO.	NOV-19	CP	CANADIAN PACIFIC	MAY-21	
TU	TELUS COMUNICATIONS INC	MAR-20	CSX	CSX CORPORTION	JUN-21	